

# RETAIL CHOICE AND RESIDENTIAL CUSTOMERS

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Real Possibilities

# About AARP

**AARP, with its nearly 38 million members, is a nonprofit, nonpartisan organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.**

**Learn more at [www.aarp.org](http://www.aarp.org).**



# Retail choice: What worked

- Retail residential rates in Illinois are the lowest in the Midwest for the first time in 40 years
- No over building of generation and transmission in Illinois compared with Wisconsin which saw rates soar

# History of Electric Restructuring

- **1990s: Deregulation works in other industries, particularly natural gas. High cost states look to it to lower electric rates. Spin off of generation transfers risk from consumers.**
- **1996: AB 1890 (CA) opens California market to retail competition**
- **1999: 24 states restructured. Most spinning off generation. Michigan was the last state to do so. Most states allow a utility default service (except Texas).**
- **2000: FERC Order 2000 establishes voluntary RTOs although does not mandate footprints.**
- **2000: Enron market manipulation in California causes blackouts. State ends restructuring. Other states like MT follow.**
- **2008: MI limits retail choice to 10% of load.**
- **2011: California law passed allowing community aggregation.**
- **2016: IL nuke owner gets \$230 million in annual subsidy for Quad Cities and Byron**
- **2017: NY PSC grants nukes \$9 billion in subsidy**
- **2017: GA and SC face \$9B each in nuclear power plant construction woes.**
- **2018: Florida considers ballot measure**
- **2018: NJ, PA, & CT debate single state out of market subsidies. DOE pushes FERC to subsidize nukes and coal with subsidies as well. FERC declines. PJM proposes letting coal and nuke set market clearing price.**
- **Currently 12 states allow restructuring (most high costs NE states but also including IL, TX). No state has decided via a ballot measure nor as a constitutional amendment.**

# What hasn't worked

- **Administrative costs for marketing to residential very high**
- **No savings from switching in many states**
- **Hard to compare offers**
- **Misleading marketing by rogue marketers**
- **High exit fees**
- **Automatically switched to a variable rate**
- **Misrepresentation of programs**
- **No link to smart meter or time of use rate**
- **Lack of PSC enforcement capability when something goes wrong**

## New York (15-M-0127)

- **PSC banned marketer sales to low income customers**
- **PSC opened a docket to consider if retail choice is saving customers money**
- **Marketers claim “apples to oranges”**
- **Utilities largely silent on the case**
- **Customers who switched suppliers are over paying compared when compared with utility default service**

## Illinois (15-0512)

- **Over 200 communities went to community aggregation**
- **New rules governing marketer practices developed after complaints**
- **Utility default rate currently hard to beat**
- **ICC issues new marketing rules**
- **ICC convenes a marketer stakeholder group**



# The Connecticut Experience

Connecticut passed An Act Concerning Electric Restructuring – Public Act No. 98-28 in 1998.

# The Connecticut Experience

The market transition stalled!

The legislature steps in again.

In 2007 Public Act 07-242 was enacted into law.

# The Connecticut Experience

Reining in the supply market.

In 2011 Public Act 11-80 was enacted into law.

# The Connecticut Experience

In 2013 Suppliers React!

The energy auction  
(eliminate standard offer service)

# The Connecticut Experience

The Polar vortex and  
the Ratepayers bill of rights!

<http://www.nbcconnecticut.com/investigations/PURA-Investigates-Spiking-Electric-Rates-246069331.html>

# Connecticut Consumer Protections

- Right to full disclosure
- Right to cancel your contract within 72 hours
- Right to stay with standard service
- Cancellation fee cap of \$50
- Option to return to Standard Service within 72 hours or on next meter read date
- Compliance with Do-Not-Call-Laws
- Right to raise concerns with PURA
- Ban on Variable rate contracts

# Connecticut On Bill Consumer Protections

## Front Page

### EVERSOURCE

Account Number: 1234 567 8900

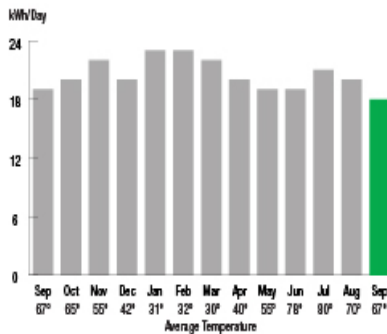
Statement Date: 09/30/16

John J Customer

123 Any St

Any Town, CT 00000

#### Electric Usage History - Kilowatt Hours (kWh)



#### Electric Usage Summary

This month your average daily electric use was **25 kWh**

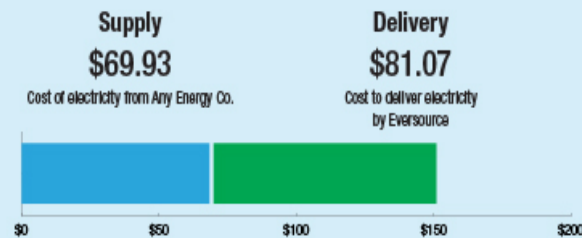
This month you used **4% less** than at the same time last year



**Total Amount Due by 10/28/16** **\$151.00**

Amount Due On 09/26/16	\$168.00
Last Payment Received On 09/23/16	-\$168.00
Balance Forward	\$0.00
Total Current Charges	\$151.00

#### Current Charges for Electricity



#### Supply Information

Supplier Rate 9.990¢/kWh Fixed  
Term: 13 cycles  
Expiration: Dec 2016 meter read  
Next Cycle Rate: 9.990¢/kWh  
Cancellation Fee: \$0  
Standard Service Rate: 6.606¢/kWh  
Term/Expiration: 6 mos until Dec 31, 2016  
Your Supplier Charge: \$69.93  
Standard Service Comparison: \$46.24

#### Your electric supplier is

Any Energy Company  
Any Street  
Any Town, Any State 00000  
1-100-000-0000

To return to Standard Service, visit CT's official Rate Board at [www.Energy2CT.com](http://www.Energy2CT.com), Eversource.com or call 1-800-286-2000

## 1 Summary Information

- Supplier rate, term & expiration
- Cancellation fee & next cycle rate
- Standard Service rate & term
- Comparison of what you would have paid on Standard Service

# Connecticut On Bill Consumer Protections

\$	257.21
<b>Amount Due: \$</b>	<b>257.17</b>

*not print for that component.*

*be subject to interest as of  
fore **September 21, 2015.**  
may not post until the following  
for residential accounts, we  
more than sixty days delinquent,*

<b>Kilowatt Hours</b>
<b>695 kWh</b>

POD ID: [REDACTED]  
Your supplier rate Fixed 23.7090¢  
UI Standard Srvc Gen 9.1241¢  
Term 6 Months  
Expiration Dec 31, 2015  
\*  
Your supplier charge \$164.78  
UI Standard Srvc Comparison \$63.41  
\*  
For further info visit PORA rate  
board at [WWW.EnergizeCt.com](http://WWW.EnergizeCt.com)  
\*  
To return to UI Standard Service Call  
UI at 1-800-7-CALL-UI  
Or click on Customer Care on UI's  
Website at [www.uinet.com](http://www.uinet.com)

Connecticut's Official Rate board



## Where is retail choice now?

- **Retail suppliers serve 27.3% of Eversource Energy (Eversource) residential customers and 34% of United Illuminating (UI) residential customers, in September 2017.**
- **In the month of September 2017, over 5 out of 10 residential supplier customers paid more than the Standard Offer in Eversource territory, and 8 out of 10 residential supplier customers paid more than the Standard Offer in UI territory.**

# Connecticut's Official Rate board

<https://www.energizect.com/>

Or call

1-877-WISE USE (877-947-3873)

# The Don'ts of Choosing a Supplier

- **Don't sign up for service from door to door or telephone solicitations**
- **Don't share your Eversource or UI account number with people on the phone or who come to your door**
- **Don't sign up for a 3<sup>rd</sup> party supplier through a direct mail solicitation or a through a knock off website**
- **Don't feel pressured to sign up with a 3<sup>rd</sup> party electric supplier**

# The Do's of Choosing a Supplier

- **Do go to the state's official rate board before considering a switch to a 3<sup>rd</sup> party supplier**
- **Do monitor your electric bill details every month even if you do not switch suppliers**
- **Do write your contracts expiration date on your calendar or input it on your device**
- **Do be sure to get a written contract from your supplier with all of the terms associated with the offer you selected**

# Helpful Tips To Consider

- **Avoid offers that have enrollment fees**
- **Remember 750 kilowatt hours per month**
- **Remember the months that the 3<sup>rd</sup> party contract covers**
- **Avoid fixed tiered contracts**
- **Only make decisions about 3<sup>rd</sup> party suppliers at:**  
**[www.energizect.com](http://www.energizect.com)**  
**or by calling 1-877-WISE USE (877-947-3873)**

# For further information

- [AARP.org/Policy Book](http://AARP.org/Policy Book) (see Chapter 10)
- [Bgold@aarp.org](mailto:Bgold@aarp.org)
- [Wmalcolm@aarp.org](mailto:Wmalcolm@aarp.org)
- [Jerlingheuser@aarp.org](mailto:Jerlingheuser@aarp.org)

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